



## Direct/ Indirect Administrative Costs

**Issue** April 24, 2006

**Date:**

**Sources:** Office of Management and Budget Cost Principles for State, Local and Indian Tribal Governments (Circular A-87); Office of CTAE

**Key** Administrative Costs

**Words:**

**Summary:** Administrative costs for federal grants must be reasonable, customary and necessary for the operation of the grant program, unless specific limits are designated in the law. Limits and recommended limits for direct and indirect costs are listed. Indirect costs must be approved by Grants Management.

**Direct Costs:** Local educational agencies may request to use program funds for administrative costs. Direct cost recovery must be conducted in accordance with OMB Circular A-87 found at <http://www.whitehouse.gov/omb/circulars/a087/a087-all.html> .

OMB requires that time and effort be established and a direct correlation to the program activities be documented. For instance, an administrator wishing to collect 10 percent of his/her salary would need to maintain time and effort documentation of work actually conducted. Some caution must also be exercised to ensure the district does not supplant with federal funds what has been conducted using state or local funds in the prior year.

The recommended limits on administrative costs are listed below for each of the ePAGE funding applications.

**Indirect Costs:** Districts will not be approved to draw on indirect cost funds unless they have an indirect cost plan and rate approved through the Nevada Department Education.

Consolidated Funding Application	
Grant Name	Administrative Costs
All Consolidated Funding Application grants except Title III, IV, Special Education IDEA Part B, Early Childhood Special Education, School Improvement/ Comprehensive School Reform	5% or less of the total grant allocation is recommended; otherwise, reasons and details for costs must be documented in CCIP History Log and request sent to Federal Programs Consultant for approval.
Title III Title IV	2% or less of the total grant allocation
School Improvement Comprehensive School Reform	None allowed since admin costs are already assumed under Title I Basic or local funds.